

AMENDED IN SENATE FEBRUARY 13, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1303**

---

**Introduced by Assembly Member Hall**

February 22, 2013

---

*An act to add Section 19610.7 to the Business and Professions Code, relating to horse racing. An act to amend Section 19605.7 of, and to add Section 19549.16 to, the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1303, as amended, Hall. ~~Horse racing: takeouts: disclosure to patrons.~~ *Horse racing: northern zone: fairs: satellite wagering.*

*(1) Existing law, the Horse Racing Law, notwithstanding any other law, authorizes fairs that conduct live horse racing meetings in the northern zone to allow a joint powers authority to administer and distribute purses and authorizes the California Horse Racing Board to annually allocate a maximum of 28 racing days to any county fair in the northern zone which did not conduct horse racing prior to January 1, 1985.*

*This bill would authorize the board, notwithstanding any other law, to allocate racing days to a fair in the northern zone to be conducted by the fair or, at the request of the fair, to authorize the board to license a racing association that was licensed by the board to conduct racing meetings in California prior to 2010 to conduct live horse racing at the fair during the dates allocated to the fair by the board. The bill would require the live horse racing days, whether they are conducted by the fair or the racing association contracting with the fair, to be subject to*

*the same provisions of law as are presently applicable to a fair race meeting in the northern zone.*

*(2) The Horse Racing Law requires the total percentage deducted from wagers at satellite wagering facilities in the northern zone to be the same as deductions for wagers at the racetrack where the racing meeting is being conducted and to be distributed as specified. That law also requires an additional amount not to exceed 4% of the amount handled by the satellite wagering facility on conventional and exotic wagers to be distributed to the organization formed to operate the audiovisual signal system with the mutual consent of the racing association, the organization representing the horsemen participating in the meeting, and the board from January 1, 2010, until December 31, 2013. That law also requires, commencing January 1, 2014, an amount not to exceed the amount of actual operating expenses, as determined by the board, or 2.5% of the amount handled by the satellite wagering facility on conventional and exotic wagers, whichever is less, to be distributed to the organization formed to operate the audiovisual signal system.*

*This bill would extend these dates to December 31, 2016, and January 1, 2017, respectively.*

*A violation of the Horse Racing Law is generally a misdemeanor.*

*Because the bill would change the definition of an existing crime, the bill would impose a state-mandated local program.*

*(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

*(4) This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing law, the Horse Racing Law, authorizes racing associations and fairs to make various deductions from the amounts handled, and specifies the manner in which the amounts deducted are required to be distributed. A violation of the Horse Racing Law, where no other penalty is expressed, is a misdemeanor.~~

~~This bill would require each racing association or fair to inform patrons, through the official program, of the takeout being applied to the handle for the racing meeting. By creating a new crime, the bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 19549.16 is added to the Business and  
2     Professions Code, to read:

3     19549.16. (a) Notwithstanding any other law, the board may  
4     allocate racing days, pursuant to this article, to a fair in the  
5     northern zone to be conducted by the fair or, at the request of the  
6     fair, the board may license a racing association that was licensed  
7     by the board to conduct racing meetings in California prior to  
8     2010 to conduct live horse racing at the fair during the dates  
9     allocated to the fair by the board.

10    (b) The live horse racing days, whether they are conducted by  
11    the fair or the racing association contracting with the fair, shall  
12    be subject to the same provisions of law as are presently applicable  
13    to a fair race meeting in the northern zone.

14    SEC. 2. Section 19605.7 of the Business and Professions Code  
15    is amended to read:

16    19605.7. The total percentage deducted from wagers at satellite  
17    wagering facilities in the northern zone shall be the same as the  
18    deductions for wagers at the racetrack where the racing meeting  
19    is being conducted and shall be distributed as set forth in this  
20    section. Amounts deducted under this section shall be distributed  
21    as follows:

22    (a) (1) For thoroughbred meetings, 1.3 percent of the amount  
23    handled by the satellite wagering facility on conventional and  
24    exotic wagers shall be distributed to the racing association for  
25    payment to the state as a license fee, 2 percent shall be distributed  
26    to the satellite wagering facility as a commission for the right to  
27    do business, as a franchise, and this commission is not for the use  
28    of any real property, 0.54 percent shall be deposited with the  
29    official registering agency pursuant to subdivision (a) of Section  
30    19617.2 and shall thereafter be distributed in accordance with

subdivisions (b), (c) and (d) of Section 19617.2, 0.033 percent shall be distributed to the Center for Equine Health, and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(2) (A) In addition to the distributions specified in paragraph (1), for thoroughbred meetings, an amount not to exceed 4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to an organization described in Section 19608.2 with the mutual consent of the racing association, the organization representing the horsemen participating in the meeting, and the board from January 1, 2010, until December 31, ~~2013~~ 2016. However, the amount shall be no less than that specified in subparagraph (B), and any amount greater than the amount specified in subparagraph (B) shall be approved by the board for no more than 12 months at a time, and only upon a determination by the board that the greater amount is in the economic interest of thoroughbred racing.

(B) Commencing January 1, ~~2014~~ 2017, an amount not to exceed the amount of actual operating expenses, as determined by the board, or 2.5 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers, whichever is less, shall be distributed to an organization described in Section 19608.2.

(C) A request to the board for a distribution pursuant to subparagraph (A) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds affected by the request.

(D) The racing association whose request pursuant to subparagraph (A) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(b) For harness, quarter horse, Appaloosa, Arabian, or mixed breed meetings, 0.4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, for fair meetings, 1 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers

1 shall be distributed to the fair association for payment to the state  
2 as a license fee, 2 percent shall be distributed to the satellite  
3 wagering facility as a commission for the right to do business, as  
4 a franchise, and this commission is not for the use of any real  
5 property, and 6 percent of the amount handled by the satellite  
6 wagering facility or the amount of actual operating expenses, as  
7 determined by the board, whichever is less, shall be distributed to  
8 an organization described in Section 19608.2. In addition, in the  
9 case of quarter horses, 0.4 percent shall be deposited with the  
10 official registering agency pursuant to subdivision (b) of Section  
11 19617.7 and shall thereafter be distributed in accordance with  
12 subdivisions (c), (d), and (e) of Section 19617.7; in the case of  
13 Appaloosas, 0.4 percent shall be deposited with the official  
14 registering agency pursuant to subdivision (b) of Section 19617.9  
15 and shall thereafter be distributed in accordance with subdivisions  
16 (c), (d), and (e) of Section 19617.9; in the case of Arabians, 0.4  
17 percent shall be held by the association to be deposited with the  
18 official registering agency pursuant to Section 19617.8, and shall  
19 thereafter be distributed in accordance with Section 19617.8; in  
20 the case of standardbreds, 0.4 percent shall be distributed for the  
21 California Standardbred Sires Stakes Program pursuant to Section  
22 19619; in the case of thoroughbreds, 0.48 percent shall be deposited  
23 with the official registering agency pursuant to subdivision (a) of  
24 Section 19617.2 and shall thereafter be distributed in accordance  
25 with subdivisions (b), (c), and (d) of Section 19617.2; 0.033 percent  
26 shall be distributed to the Center for Equine Health; and 0.067  
27 percent shall be distributed to the California Animal Health and  
28 Food Safety Laboratory, School of Veterinary Medicine, University  
29 of California at Davis. It is the intent of the Legislature that the  
30 0.033 percent of funds distributed to the Center for Equine Health  
31 shall supplement, and not supplant, other funding sources.

32 (c) In addition to the distributions specified in subdivisions (a)  
33 and (b), for mixed breed meetings, 1 percent of the total amount  
34 handled by each satellite wagering facility shall be distributed to  
35 an organization described in Section 19608.2 for promotion of the  
36 program at satellite wagering facilities. For harness meetings, 0.5  
37 percent of the total amount handled by each satellite wagering  
38 facility shall be distributed to an organization described in Section  
39 19608.2 for the promotion of the program at satellite wagering  
40 facilities, and 0.5 percent of the total amount handled by each

1 satellite wagering facility shall be distributed according to a written  
2 agreement for each race meeting between the licensed racing  
3 association and the organization representing the horsemen  
4 participating in the meeting. If, with respect to harness meetings,  
5 there are funds unexpended from this 1 percent, these funds may  
6 be expended for other purposes with the consent of the horsemen  
7 and the racing association to benefit the horsemen, or the racing  
8 association, or both, pursuant to their agreement. For quarter horse  
9 meetings, 0.5 percent of the total amount handled by each satellite  
10 wagering facility on races run in California shall be distributed to  
11 an organization described in Section 19608.2 for the promotion  
12 of the program at satellite wagering facilities, 0.5 percent of the  
13 total amount handled by each satellite wagering facility on  
14 out-of-state and out-of-country imported races shall be distributed  
15 to the official quarter horse registering agency for the purposes of  
16 Section 19617.75, and 0.5 percent of the total amount handled by  
17 each satellite wagering facility on all races shall be distributed  
18 according to a written agreement for each race meeting between  
19 the licensed racing association and the organization representing  
20 the horsemen participating in the meeting.

21 (d) Additionally, for thoroughbred, harness, quarter horse, mixed  
22 breed, and fair meetings, 0.33 percent of the total amount handled  
23 by each satellite wagering facility shall be paid to the city or county  
24 in which the satellite wagering facility is located pursuant to  
25 Section 19610.3 or 19610.4.

26 (e) Notwithstanding any other ~~provision of~~ law, a racing  
27 association is responsible for the payment of the state license fee  
28 as required by this section.

29 *SEC. 3. No reimbursement is required by this act pursuant to*  
30 *Section 6 of Article XIII B of the California Constitution because*  
31 *the only costs that may be incurred by a local agency or school*  
32 *district will be incurred because this act creates a new crime or*  
33 *infraction, eliminates a crime or infraction, or changes the penalty*  
34 *for a crime or infraction, within the meaning of Section 17556 of*  
35 *the Government Code, or changes the definition of a crime within*  
36 *the meaning of Section 6 of Article XIII B of the California*  
37 *Constitution.*

38 *SEC. 4. This act is an urgency statute necessary for the*  
39 *immediate preservation of the public peace, health, or safety within*

1 *the meaning of Article IV of the Constitution and shall go into*  
2 *immediate effect. The facts constituting the necessity are:*

3 *In order to preserve jobs, to ensure that live horse racing*  
4 *continues in northern California each year, and for this act to*  
5 *apply to the 2014 horse racing season, it is necessary that this act*  
6 *take effect immediately.*

7 ~~SECTION 1. Section 19610.7 is added to the Business and~~  
8 ~~Professions Code, to read:~~

9 ~~19610.7. A racing association or fair shall inform patrons,~~  
10 ~~through the official program, of the takeout being applied to the~~  
11 ~~handle for the racing meeting.~~

12 ~~SEC. 2. No reimbursement is required by this act pursuant to~~  
13 ~~Section 6 of Article XIII B of the California Constitution because~~  
14 ~~the only costs that may be incurred by a local agency or school~~  
15 ~~district will be incurred because this act creates a new crime or~~  
16 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
17 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
18 ~~the Government Code, or changes the definition of a crime within~~  
19 ~~the meaning of Section 6 of Article XIII B of the California~~  
20 ~~Constitution.~~